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GRANITE MOUNTAIN WATER COMPANY,

RECEIVED

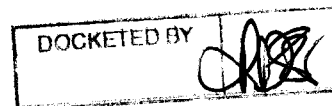
2011 MAY 23 A 9:51

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

MAY 23 2011



May 18, 2011

Arizona Corporation Commission
Docket Control
1200 West Washington
Phoenix, AZ 85007

Re: Compliance item related to Granite Mountain Water Company's Rate and Financing Applications

Docket No: W-02467A-09-0333

Docket No: W-02467A-09-0334

DECISION NO: 72294

Honorable Commissioner(s).


As a matter of information for the Commission, the Company has received the Approval to Replace Well #55-622083 with a new Well #55-220316 from the Arizona Department of Water Resources on January 11th, 2011.

As a matter of compliance regarding the Commission's Decision, the Company has received the Approval to Construct the new well from the Arizona Department of Environmental Quality on April 29th, 2011.

Please find attached:

- Exhibit 1: ADWR Approval to Replace Well
- Exhibit 2: ADEQ Approval to Construct for the Replacement Well

Regards,


Matthew Lauterbach
Water Administrator
Granite Mountain Water Company
(928) 717-2616

Cc: Paul D. Levie, President, Granite Mountain Water Company

Physical Address
2465 Shane Drive
Prescott, AZ 86305

Mailing Address
PO Box 350
Chino Valley, AZ 86323

Phone (928) 717-2616
Fax (928) 717-2621
Email gmwc@leviegroupp.com

JANICE K. BREWER
Governor



SANDRA A. FABRITZ-WHITNEY
Acting Director

ARIZONA DEPARTMENT OF WATER RESOURCES

3550 North Central Avenue, Second Floor
PHOENIX, ARIZONA 85012-2105
(602) 771-8500

January 11, 2011

Granite Mountain Water Company
P. O. Box 350
Chino Valley, AZ 86323

RE: Notice of Intention to Replace an Existing Non-Exempt Well Registration No. 55-220316
(Replacing Well No. 55-622083)
File No. New Well Legal Description Example B (15-2) 30 DCB

Dear Granite Mountain Water Company:

The above-referenced Notice of Intention to Replace an Existing Non-Exempt Well in the Same Location within an Active Management Area has been approved. A copy of the Notice is enclosed for your records.

In the event that the location of the proposed well changes, you must notify the Department of Water Resources of the change in writing. A drill card with the correct proposed well location must be in possession of the driller before drilling may commence. If the proposed new well is to be more than 660 feet from the well that it is replacing, then you may be required to obtain a well permit.

Within 30 days of completion of the well, the well driller is required to furnish this Department with a complete and accurate log of the well. In addition, the well owner is required to submit the enclosed Pump Installation Completion Report within 30 days of installation of pump equipment.

Pursuant to the provisions of A.R.S. § 45-604, any person withdrawing groundwater from a well is required to use a water measuring device to record rates of withdrawal in order to provide or allow the computation of an annual volume of pumpage from the well. The total volume of pumpage from the well which is being replaced and the completed new well shall be reported on your Annual Water Withdrawal and Use Report for calendar year 2011. Subsequent annual reporting periods shall be from January 1 through December 31.

The Department has issued the authorization to drill this well pursuant to A.R.S. §§ 45-596 and 45-597 of the Groundwater Code. The legal nature of the water withdrawn from the well may

be the subject of court action in the future as part of a determination of surface water rights in your area. If there are court proceedings that could affect your well, you will be notified and be given the opportunity to participate.

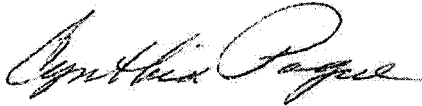
Please be aware that the withdrawals of the proposed well cannot exceed the maximum annual capacity of the original well you wish to replace. The maximum annual capacity of the original well is 104.85 acre-feet per year. In addition, if the original well will be used in conjunction with the proposed replacement well, the withdrawals from both wells cannot exceed the maximum annual capacity of the original well.

If the maximum annual capacity is exceeded in any calendar year, the well will no longer qualify as a replacement well in the same location, and will instead fall into the category of "new well." This means that you will not be able to pump the well again until you first submit an application for a non-exempt well permit, and obtain a determination from the Department that the well will not cause unreasonably increasing damage to other land and water users.

Under A.R.S. § 45-593, the person to whom a well is registered must notify this Department of any changes in ownership, status or physical characteristics to keep the Well Registry records current and accurate. For future changes, a Request to Change Well Information form is also enclosed.

If you have any questions, please contact me at Groundwater Permitting and Wells Section at 602-771-8614.

Sincerely,



Cynthia Pogue, WRS
Groundwater Permitting & Wells Section

Enclosures

ARIZONA DEPARTMENT OF WATER RESOURCES
WATER MANAGEMENT DIVISION
3550 N. Central Avenue, Phoenix Arizona 85012

THIS AUTHORIZATION SHALL BE IN THE POSSESSION OF THE DRILLER DURING ALL DRILL OPERATIONS

WELL REGISTRATION NO: 55-220316

REPLACES: 55-622083

AUTHORIZED DRILLER: DRILL-TECH, INC.

LICENSE NO: 239

A NOTICE OF INTENTION TO REPLACE AN EXISTING NON-EXEMPT WELL INSIDE THE PRESCOTT ACTIVE MANAGEMENT AREA HAS BEEN GRANTED TO:

WELL OWNER: GRANITE MOUNTAIN WATER CO., PO BOX 350, CHINO VALLEY, AZ 86323

The well(s) is/are to be located in the:

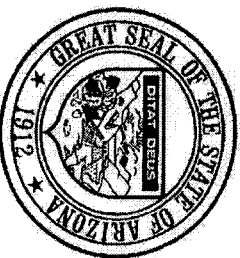
NW 1/4 of the SW 1/4 of the SE 1/4 of Section 30, Township 15 North, Range 2 West

No. of well(s) in this project: 1 (one)

THIS AUTHORIZATION EXPIRES AT MIDNIGHT ON THE 10th DAY OF JANUARY 2012

WATER MANAGEMENT DIVISION

THE DRILLER MUST FILE A LOG OF THE WELL
WITHIN 30 DAYS OF COMPLETION OF DRILLING





ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
CERTIFICATE OF APPROVAL TO CONSTRUCT
WATER FACILITIES

Page 1 Of 2

ADEQ File No: 20110033	LTF No: 53816
System Name: Granite Mountain Water Co	System Number: 13-150
Project Owner: Granite Mountain Water Co Inc	
Address: P O Box 350, Chino Valley, AZ 86323	
Project Location: Prescott	County: Yavapai
Description: REPLACE EXISTING WELL ADWR # 55-622083 WITH NEW WELL ADWR #55-220316.	

Approval to construct the above-described facilities as represented in the approved documents on file with the Arizona Department of Environmental Quality is hereby given subject to provisions 1 through 6 continued on page 2 through 2

1. This project must be constructed in accordance with all applicable laws, including Title 49, Chapter 2, Article 9 of the Arizona Revised Statutes and Title 18, Chapter 5, Article 5 of the Arizona Administrative Code.
2. Upon completion of construction, the engineer shall fill out the Engineer's Certificate of Completion and forward it to the Central Regional Office located in Phoenix. If all requirements have been completed, that unit will issue a Certificate of Approval of Construction. R18-5-507(B), Ariz. Admin. Code. At the project owner's request, the Department may conduct the final inspection required pursuant to R18-5-507(B); such a request must be made in writing in accordance with the time requirements of R18-5-507(C), Ariz. Admin. Code.
3. This certificate will be void if construction has not started within one year after the Certificate of Approval to Construct is issued, there is a halt in construction of more than one year, or construction is not completed within three years of the approval date. Upon receipt of a written request for an extension of time, the Department may grant an extension of time; an extension of time must be in writing. R18-5-505(E), Ariz. Admin. Code.
4. Operation of a newly constructed facility shall not begin until a Certificate of Approval of Construction has been issued by the Department. R18-5-507(A), Ariz. Admin. Code.

Reviewed by: AD4

By: Janak K. Desai Date: 4/29/2011
Janak K. Desai, P.E. Unit Manager

Engineering Review Section
Water Quality Division

cc: File No: 20110033

Regional Office: Central

Owner: Granite Mountain Water Co Inc

County Health Department: Yavapai

Engineer: Granite Mountain Water Co

Planning and Zoning/Az Corp. Commission

Engineering Review Database - Etr021

**APPROVAL TO CONSTRUCT
DRINKING WATER WELL – NEW SOURCE
ADEQ FILE No. 20110033
PAGE 2 OF 2: PROVISIONS CONTINUED**

5. Approval of Construction (AOC) will not be issued until the well driller report, log of well, well completion report, pump test data, and acceptable Water Quality Data have been submitted.
6. The Arizona Department of Environmental Quality's review of this application was subject to the requirements of the licensing time frames ("LTF") statute under Arizona Revised Statutes ("A.R.S.") § 41-1072 through § 41-1079 and the LTF rules under Arizona Administrative Code ("A.A.C.") R18-1-501 through R18-1-525. This Notice is being issued within the overall time frame for your application.

ADEQ hereby approves your application for Approval to Construct Water Facilities under A.R.S. § 49-351. Your copy is enclosed.

This decision is an appealable agency action under A.R.S. § 41-1092. You have a right to request a hearing and file an appeal under A.R.S. § 41-1092.03(B). You must file a written Request for Hearing or Notice of Appeal within **30 days** of your receipt of this Notice. A Request for Hearing or Notice of Appeal is filed when it is received by ADEQ's Hearing Administrator as follows:

Office of Administrative Counsel
Arizona Department of Environmental Quality
1110 W. Washington Street
Phoenix, AZ 85007

The Request for Hearing or Notice of Appeal shall identify the party, the party's address, the agency and the action being appealed and shall contain a concise statement of the reasons for the appeal. Upon proper filing of a Request for Hearing or Notice of Appeal, ADEQ will serve a Notice of Hearing on all parties to the appeal. If you file a timely Request for Hearing or Notice of Appeal you have a right to request an informal settlement conference with ADEQ under A.R.S. § 41-1092.06. This request must be made in writing no later than **20 days** before a scheduled hearing and must be filed with the Hearing Administrator at the above address.

Please contact Adrian Dumitrescu at 602-771-4201 or ad4@azdeq.gov if you have questions regarding this Notice or the Certificate of Approval to Construct.